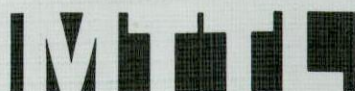


AGRICULTURAL DEVELOPMENT PROBLEMS AND POSSIBILITIES IN BALTIC COUNTRIES IN THE FUTURE

FINNISH-BALTIC JOINT SEMINAR
SAKU ESTONIA 1993



MAATALOUDEN TALOUDELLINEN
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Abstract: Agricultural economists from Finland and Baltic countries had their fourth seminar in Saku, May 31-June 1, 1993. The seminar was organized by the Estonian Research Institute of Agriculture. This publication includes presentations given in the seminar or summaries of them.

Topic of the seminar concerned the agricultural development problems and possibilities in the Baltic countries in the future. This topic was chosen because the transition of agriculture in Baltic countries is in the phase, where lines of changes are visible and the need for collaboration within agriculture and agricultural markets in Europe and worldwide is increasing.

Presentations from the host country dealt with the perspectives in the Estonian agriculture, income policy, prices and consumption of agricultural products and family farming as a part of the society.

Latvian presentations examined principles of the new agricultural policy, targets in income policy, forecasting the demand and supply, grain markets in Latvia.

Lithuanian economists examined the situation of agrarian reform, economic and social factors in agriculture, world market policy options and implications, forecasting the agricultural development and production regulation.

Finnish presentations concerned the experiences of the land reform after the war and its implications on the farm structure in Finland, importance of bookkeeping for profitable farming and the role of statistical data in planning agriculture.

Index words: Agricultural policy, land reform, producer prices, consumption, Estonia, Latvia, Lithuania, Finland

Edited by Tellervo Sallinen

Photos by the participants of the seminar

Contents

	Page
Current Situation and Perspective of Estonian Agricultural Policy <i>Valdek Loko</i>	7
Agrarian Reform in Lithuania <i>Arvydas Kuodys</i>	10
The Principles of Agrarian Policy in Latvia Searching for Our Own Way <i>Inesis Feiferis</i>	14
Some Experiences on the Structural Development in Finnish Agriculture <i>Jouko Sirén</i>	18
Economic and Social Factors Influencing Lithuanian Agricultural Development <i>Antanas Poviliunas</i>	21
European Integration and Finnish Agricultural Statistics <i>Simo Tiainen</i>	25
Lithuanian Agriculture and the World Market: Policy Options and Implications <i>Natalija Kazlauskienė and William H. Meyers</i>	29
Income Policy in Latvian Agriculture for the Next 5 Years <i>Biruta Arnte</i>	35
State Regulation of Agricultural Production in the Republic of Lithuania <i>Irena Krisciukaitienė, Gediminas Kuliešis and Aleksandra Stadnikova</i>	38
Income Policy of the Estonian Agriculture <i>Johannes Kaubi and Andres Tekkel</i>	42
Forecast of Agricultural Development in Lithuania <i>Valerija Uzdavinienė and Algirdas Kilius</i>	45
Course of Development of Privatization of Joint-Stock and Limited Companies in 1992 <i>Roberts Zile</i>	48

Family Farming as the Perspective of Estonian Agriculture <i>Jaan Timmermann</i>	52
Prognosis of Demand, Output and Supply of Foodstuffs and Raw Materials for Industry <i>Visvaldis Pirksts</i>	55
Prices of Agricultural Production and Consumption <i>Tõnu Akkel</i>	58
The Utilization of Farmlevel Bookkeeping Data in Finland <i>Olli Rantala</i>	61
Grain Market in Latvia <i>Andris Miglavs</i>	67
An Estonian Family Farm from the Point of view of Building Economy <i>Viktor Jullinen</i>	72
The Need of Investments for Improving Machinery Park in Estonian Agriculture <i>Jaan Kivistik</i>	77
Memorandum	82
Program of the Seminar	83
List of Participants	86



Director Valdek Loko (on the right) from the Estonian Research Institute of Agriculture presented the current situation and perspectives on Estonian agricultural policy. Beside Mr. Olli Rantala from the Finnish Agricultural Economics Research Institute.



The fourth Finnish-Baltic joint seminar took place at the Research Institute of Agriculture and Land Improvement in Saku in the Republic of Estonia from May, 31 to June, 1 1993.

PROGNOSIS OF DEMAND, OUTPUT AND SUPPLY OF FOODSTUFFS AND RAW MATERIALS FOR INDUSTRY

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In order to determine the total amount of agricultural products to be produced, the point to proceed from is the forecasts as to consumption of agricultural products. This is why we calculate per capita consumption of the primary agricultural. Based on output analysis for the years 1986 to 1989, we can draw a conclusion that the consumption of primary agricultural products has been rather stable. There is a certain decrease in calories balance caused by decline in sugar consumption.

The process of structural change and decline in quantity started in 1990 and is still in progress. It is in close connection with:

- spontaneous and chaotic transformations in economic activities;
- decline in output both in industry and agriculture;
- ill-considered and insufficiently elaborated recommendation as to stabilization of production the result of which was a considerable lagging behind of the population income level as if compared with the retail price increase level for foodstuffs.

If we compare the average annual per capita consumption of basic foodstuffs in Latvia (1989) with of other countries, we can point out that the population of Latvia consumed:

- very much - sugar;
- comparatively much - fish and fish products, potatoes, bread and bread products, milk and dairy products;
- in middling amounts - eggs, meat and meat products;
- little - vegetable oil, vegetables and cucurbitecaea;
- very little - fruit and berries.

In 1992 the polarity in consumption of primary foodstuffs increased in Latvia. In the families with the highest income level, the daily calories balance (2937) was equal to that of previous years and fully covered their demands. However, the calories balance within the lowest income group (1909 cal.) was 1,5 times less and did not correspond to the standards of rational nutrition. The most conspicuous differences were in milk and dairy products consumption - 1,8 times, vegetable and vegetable oil - 1,9 times, sugar - 2,1 times, eggs, meat and meat products - 2,2 times, fruit and berries - 2,3 times.

Considering the consumption of primary foodstuffs in Latvia and other countries, the changes in household income during the last period, the principles of scientifically - based nutrition standards, forecasts have been made for the consumption level: the optimum, the average and the minimum.

The optimum level is very close to that of 1986-1989. The decrease in calories is caused by reduction in sugar and egg consumption.

For the calculation of the minimum level, the data on consumption of primary foodstuffs in low income households in 1991 and 1992 and standards of the "crisis minimum" were taken in consideration. It is envisaged to substitute the reduction in consumption meat and dairy products by increasing the consumption of potatoes, bread and bread products.

In order to include the visiting or temporary residing population in the total foodstuff balance for the country, the calculations were done for the total number of population of 2,7 million.

The forecasts for the production of primary foodstuffs are presented in the following.

Bread and Bread Products

Theoretically, the agriculture of Latvia is capable of supplying the population of Latvia with bread and bread products, with the exception of some crops like rice and corn, which would not grow in Latvia, and some, like buckwheat and heat with high gluten contents, which breeding are complicate. In connection with this, we are compelled to purchase 100 thousand tons of bread wheat in 1993. In future, when the Latvian farmers will be able to raise wheat with sufficient gluten contents, it will be possible to reduce import considerably.

Potatoes

The analysis of the trends in potato production give a sufficient ground for the conclusion that there will be enough potatoes to meet the demand for consumption as a foodstuff.

Vegetables

Last year the acreage planted with vegetables noticeably increased in the subsidiary farms and kitchen - gardens, which will improve the foodstuff balance for many families. Some of the vegetables like water-melons and melons will be imported, so the demand on vegetables will be met.

Fruit and Berries

Taking in consideration that the large orchards have been privatized and taken better care of which will increase the productivity; and that fruit import will increase in volume (pineapples, oranges, bananas, tangerines, lemons, grapefruits etc.) the demand will be met.

Sugar

In the last few years only one-third of the sugar consumed in Latvia was made from sugar-beet, the remaining two-thirds were produced from imported Cuban raw sugar. In 1991 the imports reduced and certain difficulties appeared. In 1993 it is planned to harvest 350 to 400 thousand tons of sugar-beet, which will cover only 65% of the minimum (only about 16 kg per capita).

Milk and Dairy Products

The number of dairy cows is continuing to decrease in Latvia, so it should be expected that the milk output in 1993 will be about 1080 thousands tons. After the deduction of the amount required for reproduction of herd, the result will be only 360 kg of milk per capita or 96% of the minimum.

Meat and Meat Products

Simultaneously with the reduction in the number of dairy cows, also the herd of cattle is reducing. The number of pigs and poultry is decreasing still more rapidly. In 1993 about 134 thousand tons (slaughter weight) of meat will be produced, which will comprise only about 83% of the minimum consumption level, or 50 kg capita annually.

Eggs

The decrease in poultry production is more than anywhere else in livestock production. The projections are that about 430 million eggs will be produced in 1993. Considering that about 6% are used for incubation in order to reproduce the number of poultry, it can be expected that only 150 eggs per capita will be left for consumption, which is 75% of the minimum.

Oil Plants

Though the conditions in Latvia are favourable for raising arrested and extracting arrested oil, we are still importing all of vegetable. Only about 700 ha have been planted in the autumn of 1992, and the yield, in the best case, would be about 1000 tons of seed, which will be an insignificant amount.

Fibre Flax

In order to prevent the decrease of flax producing the produces price for flax fibre should be increased to the level of grain price, so that at least the best flax-producing farms (6 centners of flax fibre per ha and more) would continue flax operations. It would require 122 million LVR (in 1992 prices) to cover this price difference for the 4000 tons of flax fibre.